

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – JANUARY 16, 2003

PRESENT: Chairman John Byrne and Commissioners Anthony Maiola and Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Peter Engel, Director of Store Operations; Howard Roundy, Director of Information Technology, Richard Gerrish, Spirits Marketing Specialist; George Tsiopras, Chief Accountant; Michael Goclowski, Law Warehouses

EXCUSED: Nicole Horton, Wine Marketing Specialist

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial Reports

A. Weekly, Y-T-D Sales Report:

The SA1000 report for the week ending January 12, 2003 shows retail sales were up 19%, on-premise sales were up almost 5.2%, off-premise sales were up a little over 1.4%, and total aggregate sales were up 11.2%. The traffic count was also up by 9,450, as was the average sales ticket by \$2.62.

The current W-1 Total Weekly Sales Report confirms total sales for the past week were up 11.2% or \$490,736, as they were for the year by about 5.3% or \$10,154,948. Wine sales for the week increased 12.4% or \$256,610 and also increased almost 9% or \$7,667,732 for the year. Sales of spirits were up 10.2% or \$234,126 for the week, and were also up year-to-date by 2.3% or \$2,491,852.

B. Budget Reports:

A look at the Outstanding Depletions and Post-Offs report as of January 14, 2003 shows there are a number of outstanding balances in the November category. Craig said some of the new vendors working with the Commission may not be clear on payment procedures; a letter stating the policy will be sent out to them. The Financial Department is working with one broker to resolve their account. Another which was previously in arrears is behind once again.

On an administrative note, George and Craig attended the Fiscal Committee meeting yesterday, and were invited to answer questions from the chair. The \$212,000 transfer request was approved and will now be submitted to Governor and Council for the next Council meeting.

This morning Chairman Byrne, Craig and George attended a meeting of the Joint Ways and Means Committee. The Committees appeared to be satisfied with the Commission's presentation, which focused on orientation of new members and provided trends and projections of revenue.

Efforts are continuing with Paymentech regarding the switchover of the debit and credit card processing and implementing the gift card program. OGB is working on getting a quote for the presenter card, which is patented. There are many aspects to this project, many of which are being worked on every day.

A review of the current W-6 Expense Budget Activity Variance Report shows that the year is at about 54% completed, with actual agency expenditures at around 55.5%. George said there is nothing very different from last year at this time in terms of patterns. Class 18 Overtime Pay is about \$49,000 over last year, and a transfer into this account will probably be necessary. Chairman Byrne commented that the Commission does not know if it will receive a blanket waiver from the Governor's freeze, and we may have to deal with vacancies position by position. It may be necessary to transfer employees to stores who are in need and to reconsider hours of operation.

The Attorney General's Office and SSA/GT have come to an agreement regarding the financial accounting software contract, and we expect this contract to be presented to G&C at their next meeting.

2. IT Reports

A training session was held this past Tuesday on electronic filing, which seemed to go very well.

Mike Goclowski made a presentation on the new Law web site for the brokers. There was brief discussion regarding this and how this system works. Chairman Byrne mentioned that the Governor wants to consolidate all agency web sites.

The software patch was received today to alleviate difficulties with Mapper, which should be installed between 9:00 and 9:30 p.m. tonight. Howard said it may take a day or two to see if it really solves the problem.

So far, changes in the Verizon Frame Relay switches have effected access to Mapper in five liquor stores, and it is also effecting e-mail today. It could effect many other retailers in the Manchester area.

II. MARKETING & SALES REPORTS

1. Store Operations

John Bunnell checked last year's sales program figures to determine why sales are so much higher this year. He found the increases were mainly in the wine business, which is very strong. Also, wine discounts are up about three times what they were at the same time last year.

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Total store sales for the week ending 1/12/03 were up \$511,502.05 or 16% over the same week last year. Peter noted that 20% of this increase occurred on Sunday, January 12th. He also said he would look into the reasons why Store #42 Ashland seems to be in a downward slide.

On Tuesday and Wednesday of this week, Geyser Peak and Remy Amerique provided wine presentations, including training, which were well received by those in attendance.

There will be a Supervisors' Meeting on Tuesday, January 28th from 10:00 a.m. to 1:00 p.m. On Tuesday, February 11th a kick-off meeting for the "Set Sail for Savings" sweepstakes will be held at the Capitol Center for the Arts.

Figures have been received from the Department of Transportation for renovation costs for Stores #34 Salem and #38 Portsmouth. Renovations will be taking place during March, April and May. Everything seems to be in order regarding plans for the new Brookline store, with a projected occupation of April or May.

The wine broker meeting hosted by Law was well attended and received good comments. The electronic charges are moving along nicely. Mike will be testing the program next week and hopes to have it out to all brokers within a couple of weeks. Also, the new Law web site will be moving into testing mode very soon. John Bunnell said he would like to be able to track wine vintages at Law. Mike will keep Store Operations and Marketing informed as to the project's progress.

John reported that he recently toured Wineberries, an off-premise store on the New Hampshire/Massachusetts border.

A meeting regarding the gift card program is scheduled for Wednesday, January 29th.

2. Purchasing Report

Work is being done on some of the out-of-stock items on this week's purchasing report, and John hopes next week's report will show an improvement.

3. Merchandising Report

A. SPIRITS:

1) Test Market Results (4 spirit items):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission take the following actions regarding the following four (4) spirit items at the conclusion of their six-month test market periods, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales: grant specialty listings for Code #3537, Kutsikova Russian Vodka, 750ML, Code #3670, Polar Ice Vodka, 750ML and Code #5592, Das Komet Liqueur,

750ML; delist Code #2232, Early Times Bourbon, 750ML. The motion was unanimously adopted.

2) Full Distribution Request (T.J. Toad Margarita, 1.75L):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve a request from Martignetti Companies of N.H. for full distribution of Code #5446, T.J. Toad Margarita, 1.75L size (currently listed as a specialty item), as this product has exceeded the required yearly gross profit, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Winter Sampler Pack, 375ML/3:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve an offer from United Beverages, Inc./Future Brands LLC of a one-time purchase on Code #5716, DeKuyper Winter Sampler Pack, 375ML/3, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Additional Special Offers for March 2003 (6 items – United Beverages):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve additional special offers, without matching funds, from United Beverages, Inc., based upon depletions of six (6) spirit items, to be featured on sale during March 2003, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

1) Proposed Wine Sale for May 2003:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve the placement of all cabernet sauvignon, merlot and sauvignon blanc wines, domestic and imported, on sale at 10% off the purchase of 6 to 8 bottles, 15% off the purchase of 9 to 11 bottles and 20% off the purchase of 20 or more bottles, beginning Monday, April 28, 2003 through Monday, May 26, 2003, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Special Offers for March 2003:

a. 63 items – Martignetti Companies of N.H.:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from Martignetti Companies of

N.H., based upon depletions of sixty-three (63) wine items, to be featured on sale during March 2003, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- b. 38 items – Horizon Beverage Company:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from Horizon Beverage Company, based upon depletions of thirty-eight (38) wine items, to be featured on sale during March 2003, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- c. 90 items – United Beverages, Inc.:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions of ninety (90) wine items, to be featured on sale during March 2003, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 3) Primary Source Submissions (16 items – exclusive agent; 7 items – imported):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve the listings of sixteen (16) wine codes which are not from primary source, but are offered by the exclusive marketing agent and seven (7) wine codes which are not from primary source, but are imported, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

III. ENFORCEMENT & LICENSING REPORTS – None.

IV. CHAIRMAN'S REPORT & LATE ITEMS

1. Bailment Requests:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for bailment releases/transfers dated January 10 through January 16, 2003. The motion was unanimously adopted.

2. Coupon Approvals: None.

3. Late Items: None.

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John W. Byrne, Chairman

Anthony C. Maiola, Commissioner

Patricia T. Russell, Commissioner

/D. Hartford